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C O N F I D E N T I A L SECTION 01 OF 02 DUBAI 004109

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SUBJECT: IRAN FORMS NEW FOREIGN RELATIONS STRATEGIC COUNCIL (FRSC)

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REASON: 1.4 (b), (d)

1.(C) Summary: Iranian Supreme Leader Ayatollah Ali Khamenei created a new 5-man foreign policy advisory committee June 25, called the Foreign Relations Strategic Council (FRSC). With an experienced team headed by former Foreign Minister Kharrazi, the FRSC will reportedly prepare macro foreign policy strategies and present them directly to the Supreme Leader for approval, then implementation. It is unclear what influence the FRSC will have, but the composition of the council's members and recent statements by Kharrazi, current and former officials, and state-run media outlets suggest the FRSC could play an important role in Iran's future foreign policy strategy. The formation of the council may indicate that Khamenei is seeking more influence over the Ahmadinejad administration's relatively inexperienced and confrontational Foreign Ministry. Contacts, however, have dismissed its import. End Summary.

The FRSC's Makeup

2.(U) On June 25 Supreme Leader Khamenei created the FRSC, appointing previous FM Kamal Kharrazi (1997-2005) as its chief. The FRSC's five members will serve five-year terms. The other members are: Khamenei's top international affairs advisor and former FM Ali Akbar Velayati (1981-1997), former Revolutionary Guard Rear Admiral and Defense Minister Ali Shamkhani, former Commerce Minister Mohammad Shariatmadari, and the FRSC's only cleric, Mohammad-Hossein Taremi-Rad, an alumnus of the hardline Haqqani Seminary, who served as Iran's ambassador to China and Saudi Arabia and has headed the Iranian Center for Historical Studies since May 1997.

Correcting Foreign Policy "Deficiency"

3.(U) Citing the Baztab news agency, the newspaper Mardom-Salari reported Supreme Leader Khamenei first spoke about creating an expert foreign policy council in a meeting with former President Khatami last year. According to state-run media, Khamenei created the FRSC, "to improve the country's power at making major decisions in the field of foreign affairs." Kharrazi explained that Iran's foreign policy-making process suffered from a "deficiency." Namely, the Expediency Council (EC) would craft foreign policies and present them to the Khamenei, but after he approved them, "there was no strategy based on which

they could be implemented" by executive organs. The FRSC, therefore, will prepare political, economic, cultural, defense, and intelligence strategies for the supreme leader. The members will consult government, private-sector, and academic foreign affairs specialists, including members of Iran's three other foreign policy-making bodies: the EC, Supreme Council for National Security (SCNS), and the Foreign Ministry. According to Kharrazi, once the supreme leader approves the strategies, the executive branch will implement them. The FRSC does not itself have executive powers. (Comment: This process sounds similar to those already in place for the EC and SCNS. Kharrazi did not detail how they might be substantively different. End Comment)

Reactions to the FRSC

4.(U) The Mehr News Agency reported reactions to the FRSC on June 27. Its own story claimed the FRSC's creation "marked a turning point in Iran's foreign policy which can open new horizons to Tehran's relations with other countries." The story highlighted the FRSC's "skilled veterans" and quoted MP Elyas Naderan of the Majles Energy Committee as saying, "We needed experienced people to consult executive branch officials on foreign relations." Elyas added the FRSC can assist the SCNS and the Foreign Ministry with Iran's nuclear diplomacy. Veterans from the previous government saw the return of some of their colleagues as a positive development. Former Vice-President Mohammad-Ali Abtahi said Kharrazi's appointment continues Iran's "detente" policy, and former Interior Minister Abdolvahed Musavi Lari said the FRSC will organize Iran's diplomatic affairs and strengthen its foreign relations. In a hopeful and positive editorial July 1, Seda-ye Edalat described Kharrazi's appointment as "a reminder of good days for Iran's diplomatic apparatus." It cautioned that the FRSC does not have executive powers and is just an advisory body, but "one has to wait and see what Kharrazi can achieve in his new capacity."

5.(U) Ahmadinejad administration spokesmen welcomed the FRSC's

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creation, saying it would buttress Iran's foreign policy establishment. They stressed the FRSC's advisory role and its lack of executive powers. Presidential spokesman Gholam-Hossein Elham said the council would not interfere with the Foreign Ministry or SCNS.

Samii: 3 Possible Reasons for FRSC's Creation

6.(U) In an article for Radio Free Europe June 29, Bill Samii suggested three reasons why Khamenei created the FRSC. First, Khamenei might want "to balance the brash and inexperienced foreign affairs apparatus of President Mahmud Ahmadinejad with the more measured input of elder statesmen." Samii argued that Ahmadinejad's FM, Manouchehr Mottaki, is relatively young for his post at 53, and Ahmadinejad's ambassadorial and Foreign Ministry appointments have been inexperienced and "viewed as disruptive," unnecessarily harming Iran's relations with other countries. Second, Khamenei disagrees with the administration as a whole, and the FRSC will rein in its undesirable foreign policy tendencies. Third, Khamenei wanted to create a back channel for foreign policy, especially over the nuclear issue.

Fourth Option: Cushy Retirements

7.(C) Assessments from Iranian contacts have been less forward reaching. Two contacts who follow Iranian politics closely said they doubted the council would exert much influence. Both said it was likely just another glorified posting to park the old guard. One contact, a Tehran-based business consultant, heard the supreme leader is unhappy with some of the actions of the president and possibly worried about the damage the president could do to the country. Nonetheless, this contact suspected the FRSC would soon fade from view -- similar to the new oversight powers the supreme leader bestowed on the EC.

8.(C) Comment: The timing of the supreme leader's announcement about the FRSC -- while Iran ponders its response to the P5+1 nuclear package -- gives credence to reports suggesting Khamenei created the council as part of a larger internal power struggle. Policy decisions in Iran are reportedly made on the basis of consensus, and the confrontational tendencies of Ahmadinejad and others in his camp may be making consensus harder to reach, particularly on a key issue such as Iran's nuclear program. If MP Elyas is correct and the FRSC gets involved with nuclear strategy, it could mark an attempt by Khamenei to shift Iran back to a more diplomatic approach. As far as we know, however, Larijani and the SCNS still have the lead on the nuclear issue.

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